



LIGHT UP THE WORLD

FIEM INDUSTRIES LIMITED

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August 17, 2021

(Through Listing Centre)

The Manager,
Dept. of Corporate Services
B S E Limited
25th Floor, P. J. Towers, Dalal Street,
Fort, Mumbai - 400 001

Dear Sir,

Sub: Q1FY22 Earning Con-call – Transcript.

An Earning Con-call for analysts and investors was held on August 17, 2021 at 4.00 pm to discuss Operational and Financial performance of the Company for **Q1FY22**. In this regard, please find attached a copy of Transcript for above Con-call.

The copy of above Transcript is also uploaded on the website of the Company www.fiemindustries.com under Investor section.

This is for your information and records please.

Thanking you,

Yours faithfully

For Fiem Industries Limited


Arvind K. Chauhan
Company Secretary

Encls: A/a



“Fiem Industries Limited Q1 FY2022 Earnings Conference Call”

August 17, 2021

Hosted by Monarch Network Capital Limited



ANALYST: MR. ANUBHAV RAWAT – MONARCH NETWORK CAPITAL LIMITED

MANAGEMENT:

- MR. J.K JAIN – CHAIRMAN AND MANAGING DIRECTOR**
- MR. RAHUL JAIN – DIRECTOR**
- MR. RAJESH SHARMA - DIRECTOR**
- MR. O.P GUPTA - CHIEF FINANCIAL OFFICER**
- MR. ARVIND CHAUHAN – COMPANY SECRETARY**
- OTHER FINANCE TEAM MEMBERS**

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY 2022 Earnings Conference Call of Fiem Industries Limited, hosted by Monarch Network Capital Limited.

This conference call may contain forward-looking statements about the Company, which are based on the beliefs, opinions and expectations of the Company as on date of this call. The statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal for an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anubhav Rawat from Monarch Network Capital Limited. Thank you and over to you, sir.

Anubhav Rawat: Thank you, Melissa. Good afternoon, everyone. On behalf of Monarch Network Capital, I welcome you all to 1Q FY 2022 conference call Fiem Industries Limited. We will start the call with the initial comments about the results and the future outlook of the Company. And then we will open the floor for question-and-answers. So, without much delay, I now hand over this call to Mr. J.K. Jain, CMD of the Company. Over to you, sir.

J.K. Jain: Thank you. Good afternoon to all. I welcome you all to the Q1 FY 2022 Earnings Call of your Company. Along with me on this call. I have Mr. Rahul Jain – Director; Mr. Rajesh Sharma – Director; Mr. OP Gupta – CFO, Mr. Arvind Chauhan – Company Secretary, and other members of the finance team.

Let me start with an overview of the industry and brief update on our financials. As you are aware, this quarter has been impacted due to the COVID second wave, domestic two wheeler industry declined by 38% from 5.6 million units to 3.5 million. Reflecting the above trend, the quarterly production volume from Q4 FY 2021 to Q1 FY 2022 of our key customer degrew, Honda 59.4%, TVS by 29.7%, Yamaha by 44.9% and Suzuki by 36.9%. This decline in sales of our OEMs also impacted our sales during this quarter. For Q1 FY 2022 our sales declined by 35% over Q4 FY 2021, which was marginally better than the overall trend of our OEMs.

However, we are beginning to see some encouraging trend in the current quarter. Share of the automotive led grew by 46% of the total automotive lighting in Q1 FY 2022 as compared to 40% in Q4 FY 2021. This is driven by increased sales to Yamaha for export market. Overall share of the Yamaha as proportion of our sales increased from 14.7% to 19.1% during this quarter. As our OEMs return back to their normalized size sales, we expect the share of LED to return back to 40% to 42% in short term. Long term trend remains upward, and this is likely to increase to 60% over the next two, three years.

Now, let me turn my attention to our effort in the fast-growing EV market. It gives me immense pleasure to inform you that your Company has been selected as a sole supplier to Ola Electric for supplying of headlamp, tail lamp, indicator, rear fender assemblies and mirror. This recognition is a proof of your Company's leadership in the EV segment, and our ability to work with our OEMs on this new product.

This is a very important milestone in our Company's journey. We see a huge potential in the Indian EV segment and are confident of capturing greater market share in the segment over the medium term.

With this, I hand over to our CFO, Mr. Gupta, and the finance team to update on detailed numbers.

O.P. Gupta:

Thank you, sir. Good afternoon to everyone. I present the quarter one for FY 2022 as compared to same quarter last year. The Company registered a sales of Rs. 272.25 crores in Q1 of current financial year against Rs. 66.1 crores in corresponding quarter of 20-21. As you are aware, both these quarters were impacted by COVID 19 pandemic lockdowns. The EBITDA was Rs. 31.53 crores, translating into an EBITDA margin of 11.58% as compared to a negative EBITDA of Rs. 15.38 crores in Q1 of last financial year. PAT of the Company for Q1 of current financial year was Rs. 11.77 crores as compared to loss of Rs. 23.83 crores in Q1 of FY 2021.

Now, let me present the quarter numbers in comparison with Q4 FY 2021. Total sales during Q1 FY 2022 is Rs. 272.25 crores as compared to Rs. 414.98 crores in Q4 FY 2021. This is a decline of 35% driven by lower sales across the OEMs. The EBITDA was Rs. 31.53 crores, translating into an EBITDA margin of 11.58% as compared to EBITDA of Rs. 53.33 crores in Q4 FY 2021. This decline in EBITDA is driven by lower sales. PAT during Q1 FY 2022 is Rs. 11.77 crores as compared to PAT of Rs. 25.49 crores in Q4 FY 2021. The result was significantly impacted due to the COVID second wave.

During the quarter, the Company has made a CAPEX investment of Rs. 5.43 crores. We continue to be a net zero debt Company.

With this, I end the financial brief and now the floor is open for question-and-answers. Thank you.

Moderator:

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question from the line of Ashutosh Tiwari from Equirus Securities. Please go ahead

Ashutosh Tiwari:

Congrats on this Ola order. We have been doing very well first in Yamaha and now Ola. Sir, just wanted to know, because this is all full LED products and I think head light of Ola also looks like a LED lamp, so what would be the content basically, will it be more than Rs. 2500 per vehicle, this LED that you supply to Ola?

Rajesh Sharma:

This is too early to disclose such kind of things. Of course, we will soon declare once the product will be in the market.

Ashutosh Tiwari:

Okay. But this is all full LED product so realization should be much higher?

Rajesh Sharma:

Yes, this is all LED. First of all, I will just give you a brief about the head lamp, tail lamp, blinker, all it is LED.

Ashutosh Tiwari:

And secondly, it would not require any investment purchase from outside in the SMP capacity or anything like that, it can be done from the current plant?

Rajesh Sharma:

It will be from the current plant only.

- Ashutosh Tiwari:** And what is the utilization level of current line-up? You said Q1 but Q4 what was the utilization level of the plant overall?
- J.K. Jain:** At the moment, in the Q1 it was 65% and this quarter we are expecting 75%. And in the peak demand it can go up to 90%.
- Ashutosh Tiwari:** Okay. And what it was Q4?
- Arvind Chauhan:** Around 85%.
- Ashutosh Tiwari:** Okay. And secondly, Yamaha also obviously was less impact because of exports and you seem to have done almost Rs. 52 crores, Rs. 53 crores sales to Yamaha. So, Yamaha looking at run rate is easily plus Rs. 200 crores sales this year, right?
- Arvind Chauhan:** Can you repeat the question please?
- Ashutosh Tiwari:** If I look at Yamaha sales, it is I think 19% of this quarter, almost like Rs. 53 crores sales in the current quarter to Yamaha. So, I am saying that Yamaha sales can cross Rs. 200 crores plus in this year, right?
- Arvind Chauhan:** Yes.
- Ashutosh Tiwari:** Okay. And then other expenses are quite low, obviously plant is operating at a lower level, but still as a percentage of sales it has not moved much quarter-on-quarter. So, was there any one-off in other expenses or these are normalized other expenses for lower production?
- J.K. Jain:** No basically, in the Q1 it got impacted because of the second wave so this quarter seems to be better. And we are very aggressive on this.
- Ashutosh Tiwari:** So, other expenses, I mean, last quarter sales of Rs. 420 crores, other expenses around Rs. 62 crores, this quarter on Rs. 274 crores it is almost Rs. 32 crores, the other expenses is roughly half of Q4 level. So, the sales has not declined to that extent, so is there any one-off item that's why it is lower or it is normal than the same period?
- Arvind Chauhan:** No, it is normal. This is because of the lower sales, there is no one-off.
- Ashutosh Tiwari:** So, production improves our margin can go back to say 12-12.5?
- Arvind Chauhan:** Yes, same what is in the normal conditions.
- Ashutosh Tiwari:** Okay. And what is CAPEX plan for this year now?
- J.K. Jain:** So, far, as told earlier, that we have done Rs. 5.5 crores and our CAPEX plan is Rs. 35 crores.
- Ashutosh Tiwari:** Rs. 35 crores for full year?
- J.K. Jain:** Yes.

- Ashutosh Tiwari:** And this is all maintenance CAPEX?
- J.K. Jain:** Yes, maintenance plus additional assembly line, means growth CAPEX.
- Moderator:** Thank you. We have the next question from the line of Nitesh Pandey from Tata Asset Management. Please go ahead.
- Nitesh Pandey:** I have one question that, how do you see this Ola business will add to the Company's overall top line? And the second question is, what is the your projection, how do you see the top line growth in next three to four years?
- J.K. Jain:** So, the opportunities are enormous and EV segment is going to grow very, very fast. And we expect 20% to 25% growth year-to-year.
- Nitesh Pandey:** And how much this Ola business will add to overall top line?
- J.K. Jain:** As we told earlier, we are in the final stages of starting supplying. So, once that supplies stabilize we will be able to declare in the next quarter.
- Moderator:** Thank you. We have the next question from the line of Yash Gupta from Angel Broking. Please go ahead.
- Yash Gupta:** Sir, my first question is, what is the current capacity utilization of LED headlamps and tail lamps?
- Arvind Chauhan:** The capacity utilization is on plant basis; it is not on product basis. So, once the product mix change, the same capacity we can realize more sales.
- Yash Gupta:** So, overall capacity utilization of 75% is for the overall capacity?
- Arvind Chauhan:** Yes, all plants put together.
- Yash Gupta:** And sir, second thing, can you throw some light on this agreement what we have done with the Ola, where you want to see this overall agreement in next year two to three years? Do you expect that we will only be the sole supplier? And along with it, do we require to do any new CAPEX due to this agreement what we have done? Because if we look at the capacity of the Ola factory, it looks to be very huge, so do we expect any new CAPEX that we need to do for this current contract?
- Rajesh Sharma:** As you know, as of now two projects has being launched by Ola, it is S1 and S1 Pro. And their Ola plan is very aggressive, but we cannot comment as of now, it will be totally depend on the Ola condition, how they become and how they ramp up their plant, accordingly we are ready to cater to them.
- J. K. Jain:** But we are the sole supplier.
- Yash Gupta:** Okay. So, we don't expect any further CAPEX in next one or two years due to this new agreement?
- Rajesh Sharma:** It will be totally dependent on the Ola's plans.

- J.K. Jain:** Not only Ola, all other EV manufacturers also, but for this year we don't expect beyond **35 crore**.
- Moderator:** Thank you. We have the next question from the line of Aneesh Moonka from JST Investments. Please go ahead.
- Aneesh Moonka:** Sir, my first question is, what we observe is that our per quarter employee cost pre-COVID was approximately Rs. 50 crores to Rs. 52 crores, then it decreased to Rs. 21 crores in Q1 FY 2021 and Rs. 41 crores in Q2 FY 2021. Then it normalized to over Rs. 50 crores in Q3 and Q4 of FY 2021. Currently, it has decreased again to Rs. 44 crores. So, my question is, how are we so flexible with employee cost compared to other peers? Have you seen any increased attrition in the last five quarters due to this? And do we have enough manpower to take our business to higher capacity utilization? Thank you.
- Arvind Chauhan:** Thank you. So, your first question about this flexibility of the manpower cost. So, when direct manpower is like contract labor, this is flexible, and it depends on the sales volume, so this is flexible. As far as the permanent employee cost is there, it is also as per the requirement. And our normal employee cost is between 13% to 14%.
- Aneesh Moonka:** Okay, and this will continue?
- Arvind Chauhan:** Yes.
- Aneesh Moonka:** Okay. So, my next question is, sir, currently, we have a net cash of Rs. 100 crores plus on our balance sheet, and this could go up to Rs. 200 crores to Rs. 250 crores by the end of this year. So, actually, this is creating a big drag on the return ratios of our Company. So, what will be the capital allocation policies that the Company will follow going forward to address this issue? Also, are we looking at any inorganic ways to grow? Thank you.
- Arvind Chauhan:** Thank you. First thing, our free at the end of the quarter is Rs. 45 crores and we are in net debt Company as already informed. Regarding the utilization of this cash, we are a growing Company, we have aggressive growth plans. So, whatever be the CAPEX requirement, it will be through this internal accruals as well as, if required from outside. So, most of these internal accruals will be for the growth.
- Aneesh Moonka:** So, how much time will it take to increase our capacity?
- J.K. Jain:** Basically, it takes three to four months' time.
- Aneesh Moonka:** To increase up to what limits, how much leeway do we have, if you want to do it?
- J.K. Jain:** Depends on the customer requirement, up to 20%, 25% capacity can be increased because we have enough land and all the land belongs to the Company. So, we have enough land and within three to four months the capacity can be increased.
- Moderator:** Thank you. We have the next question from the line of Abhishek Vigneshwar, an investor. Please go ahead.

- Abhishek Vigneshwar:** Congratulations on Ola order. Actually, my question also already asked, it is based on the new capacity expansion in terms of the Ola order. Since their capacity is around 2 million units per annum, so do we need to expand our capacity to produce for that Ola order since we are going to be the sole supplier?
- J.K. Jain:** Yes, as you know, that our Hosur plant is strategically located near Ola factory in South India. We are thus very well positioned to handle the Ola business. And moreover, whenever the capacity is required, as I told earlier, we have enough land. So, it can be built in four to five months it can start production, as to their requirements.
- Finance Team Member:** There are phase-wise plans. We are in the first-phase right now. And as they scale up, we will put in more.
- Abhishek Vigneshwar:** And any some other information regarding this Ola order?
- J.K. Jain:** I told you earlier **(Inaudible)** many are in pipeline.**(Inaudible)** disruption in line.....
- Moderator:** Thank you. We have the next question from the line of Sameer Dosani from Carnelian Capital. Please go ahead.
- Sameer Dosani:** Congratulations on the Ola order. Just wanted one clarification, is there some exclusivity period because we are the sole supplier to Ola?
- J.K. Jain:** See, as long as you are good at QCDDM it almost exclusive **(Inaudible)**. So, you have to show your performance your design and your development, all these things if you have, makes you exclusive....
- Moderator:** Thank you. The next question is from the line of Naveen Mata from Mahindra Manulife. Please go ahead.
- Naveen Mata:** So, this is again a question on this Ola order. So, I just wanted to understand the arrangement, I thought it was going to be kind of a phased ramp up, as you also mentioned. So, when you are saying you are a sole supplier, I just wanted to know whether this is for, let's say, the phase one or even beyond that?
- J.K. Jain:** No, no, basically as I told you, so far they have announced two models. And they have already decided and we are in the final stages of the production. And further as and when they declare you will come to know yourself how it is. Because we can't declare anything at the moment because of we are having NDA.
- Naveen Mata:** Okay. And sir, you mentioned one data point earlier that it will not cross some numbers. I didn't catch that exactly, were referring to the volumes for this year for Ola?
- Arvind Chauhan:** Which numbers you are referring?
- Naveen Mata:** I might have missed that. I thought you were some 35 numbers that you had mentioned. I wasn't sure exactly what it was referring to.
- Arvind Chauhan:** Rs. 35 crores is the CAPEX plan for current year.

- Naveen Mata:** Okay. Just one more, sir. I know this is again kind of confidential to a certain extent, but just directionally if you can give an indication as to this order or with regards to EVs, your business, is that going to be margin accretive as compared to our company level margin currently or how should one think about that?
- J.K. Jain:** It will be similar; LED will be similar.
- Naveen Mata:** But that would be at certain level of ramp up, if I am not wrong?
- J.K. Jain:** Yes, exactly.
- Moderator:** Thank you. We have the next question from the line of Ronak Vora from AUM Advisors. Please go ahead.
- Ronak Vora:** I just had two questions. First, from our current capacity what kind of asset turnover can we make or what kind of top line can we make for our full year if it is normalized here?
- J.K. Jain:** With this Capacity we can go up to 1700 crores, however, as the trend towards LED is increasing, so this capacity would be able to generate much higher turnover, hence the product mix is also important to achieve more turnover with the same capacity.
- Ronak Vora:** Currently when you are saying 1700 crores is it like our current mix like 40% LED and 60% non-LED conventional item?
- J.K. Jain:** Absolutely correct. The more we go into LED the sales will also, this 1700 crores will also increase accordingly.
- Moderator:** Thank you. The next question is from the line of Ankur Sharma, an investor. Please go ahead.
- Ankur Sharma:** I wanted to ask what parts do we supply to Okinawa, REVOLT and Ampere and are we the sole supplier in any of their EV player?
- Rajesh Sharma:** Okinawa we are supplying of course head lamps, tail lamps mirrors, exclusively all the items all are in LED for the both the models which are as of now in the market. And Ampere also we are supplying few components, not head lamp and tail lamp, but there are mirrors and wipers we are supplying to Ampere. There are lot many other EVs we are working together and supplying for all the lamps like Electrotherm and Hero Electric like that we are supplying to.
- Ankur Sharma:** I have one more question. How much revenue are we making from EV right now and what is the sales estimates for the next 3 years?
- J.K. Jain:** You know, at the moment, the EV is just starting and after coming Ola it is becoming very big opportunity. We are in the initial stage; the opportunity is enormous. So, we are expecting a very huge space.

- Ankur Sharma:** One last question. Are there any talks in any other OEMs and can you please give an update on Hero MotoCorp?
- Rajesh Sharma:** We are working with Hero MotoCorp, but it will take time definitely because we are into line to take that kind of business. But as of now we are not in position to declare anything, but soon once the things will be realized we will definitely will let you know.
- Moderator:** Thank you. We have the next question from the line of Dhananjay Mishra from Sunidhi Securities and Finance. Please go ahead.
- Dhanajay Mishra:** Sir, you have guided for 25% to 30% kind of new growth. What kind of margin trajectory you are looking for next 2-3 years?
- Arvind Chauhan:** Sir, this we will maintain current margins, 11%-12%.
- J.K. Jain:** Double-digit, 11%-12%.
- Dhanajay Mishra:** And this quarter export is about 5%. So, how do you look export growth, I mean it is going to increase, export share is going to increase going forward?
- Arvind Chauhan:** Yes, it is going to increase.
- Dhanajay Mishra:** It will be like 10%, two years down the line?
- J.K. Jain:** Basically, we are expecting some growth, not in percentage.
- Rajesh Sharma:** We cannot explain as of now in percentage, but we will definitely be looking for a good growth in the near future.
- Dhanajay Mishra:** And again coming back to this Ola, so we are already supplying to them or we will start supplying from next quarter?
- Rajesh Sharma:** Ola has already informed they will launch this vehicle in the market in the month of October, so next month onwards supply may start.
- Dhanajay Mishra:** So, we will start booking revenue from Q3 onwards, the Ola?
- J.K. Jain:** Yeah, based on their supply the revenue will start coming.
- Dhanajay Mishra:** So, if you are going to supply from next month onwards, so probably will be booking revenue from Q3 onwards and we can say that this year itself we will have a fair contribution from the product?
- J.K. Jain:** Yes, we are very bullish on this.

- Moderator:** Thank you. We have the next question from the line of Ankit Merchant from Quest Investment. Please go ahead.
- Ankit Merchant:** My question is pertaining to the kit value, just trying to understand how much would be the difference between the LED kit value and Halogen kit value. Also, from the Ola perspective I don't believe that the realization won't have a very big difference because it will be in the range of what we have been doing for the LED kit which we are supplying to the other two-wheeler OEMs?
- Rajesh Sharma:** If we talk of conventional lamp, head lamp and tail lamp, blinkers all put together it is always ranging from Rs. 800 to Rs. 1500 wherein with respect to LED, if we talk about it is around 2000 to 5500 or 6000 approximately. It depends on the design and configuration which is required or design from the customer point of view.
- Ankit Merchant:** Okay, so be it for ICE or for EV, that LED kit value, which you just said would be in that range only. That is between 2500 to 5500?
- Rajesh Sharma:** Exactly.
- Moderator:** Thank you. We have the next question from the line of Varun Pattani from Quant Mutual Fund. Please go ahead.
- Varun Pattani:** My question is with respect to the technology. So, how does our technology with respect to our products compare with those of competitors and from pricing point of view also where are we in the premium segment or mid segment, where are we in the pyramid? If you could please touch upon these things?
- Rajesh Sharma:** It will totally be depending on the customer requirement. Of course, every customers have different features in the lamps and based on that only cost is being calculated.
- Varun Pattani:** Right, and on the technology part?
- Rajesh Sharma:** Technology part, of course, we have our technical center, design center in Italy and that is a wholly owned subsidiary company of Fiem, put together with subsidiary company, we are working together and we are giving this service to customer.....
- Moderator:** Thank you. We have the next question from the line of Anubhav Rawat. Please go ahead.
- Anubhav Rawat:** Sir, few basic questions. So, sir, this semiconductor shortage that is going on, so what is your view on the overall industry as to what is happening on the ground level?
- Rajesh Sharma:** Of course, there is a shortage in semiconductor and electronic components. But we are managing all the demand as of now together with the OEMs consultation and some of the products we are

buying on spot purchase also. And somehow, we are managing with existing supplier as well as new suppliers too.

Anubhav Rawat: And sir, alluding to one of the questions a participant asked, so besides Ola are we a sole supplier in any other OEM for specifically EV as of now?

Rajesh Sharma: We can say Okinawa is one company, Electrotherm is the second one, these are the sole suppliers.

J.K. Jain: And many more in the pipeline....

Rajesh Sharma: Because EV market is now growing and we are working with lot many other manufacturers...

Anubhav Rawat: Great sir, Perfect. Sir, from this one more question arises, so earlier in con-calls you had said that at our maximum capacity utilization a revenue of 1700-1800 would be achieved. So, now would you like to revise that sir, I mean it should go up further up, right?

J.K. Jain: Basically, what we have said earlier, 1700 based on the non-LED and some mix of LED. So, the more LED trend will come automatically it is, because it is 2x as compared to the normal one. So, basically, automatically this sale from 1700 can cross 2000-2500 something like that, depends on more utilization of LED.

Moderator: Thank you. We have the next question from the line of Amit Bothra, an Investor. Please go ahead.

Amit Bothra: Sir, I have a quick one question in terms of new products. Now if you look at the presentation of the company, there are couple of new products has ventured into, like LED lights, bulbs, even LED displays and out of I think there is one more product which is bank angle which you have showed an excellent growth in the last few months from 2021. So, I just want to understand like what plans for these new products in the next couple of years?

J.K. Jain: Basically, we are veryfocused on LED, LED lamps in auto...

Rajesh Sharma: As we declared last time also, we have 40 plus projects under development as of now. This will be realized in next two years' time to give our next growth of sales.

J.K. Jain: In coming years.

Amit Bothra: So, for this LED displays and LED bulbs and lights, since they are like a different industry altogether, it is not an automotive industry, it is a non-automotive, are we planning for some kind of a separate line of business or separate stream in terms of marketing heads, are there any plans which are in the pipeline which you can share?

- Finance Team Member:** Our clear focus is on the LED automotive segment. The other we have already informed that the other segment which were there, the other luminary segment is on a run down. So, our company would be only focused on the automotive LED segment.
- Moderator:** Thank you. We have the next question from the line of Manan Patel from Airavat Capital. Please go ahead.
- Manan Patel:** Sir, I wanted to understand from you the mix of EV, LED and halogen going forward. As you mentioned in the few years it will be 50:50. But given the circumstances I am assuming that all EV will be LED business and if EVs are going to disrupt, shouldn't our LED mix be much higher than 50%?
- J.K. Jain:** As mentioned earlier it is not going to, in next 2-3 year we are expecting 50%. But it depend again, as the EV look to be very aggressive, no wonder it will reach to 70%. So, basically, it depends how fast other people also come, so the trend is very aggressive in EV now and from government side also it is very encouraging to everybody.
- Manan Patel:** Understood. And sir in that do you see any disruptions in our halogen business itself and the other players who use our halogen bulb? So, if you can throw some light on this disruption?
- J.K. Jain:** Basically, I can't say about halogen, but I can say that trend is towards LED. So, more and more EV, more and more new feature that can be generated by LED only. So, I am seeing a great future in LED as compared to halogen.
- Moderator:** Thank you. We have the next question from the line of Vidhi Dadia from Raedan Securities. Please go ahead.
- Vidhi Dadia:** Sir, my question is as per your understanding what makes Ola choose Fiem Industries as the sole supplier for its EV body aesthetic and how are you placed against your competitors for the same products?
- J.K. Jain:** Basically, in any business, any new customer comes or any OEMs give business, based on, QCDDM, how is your quality, how is the quality rating with the existing customers, how is your factory, how much you are better equipped than your other, how is your design capability, how is your basically electronic capacity, as I told earlier that we were the first in India to put up the SMT line. Today we have most of thing in-house which our competitor doesn't have. So, basically, it depends how better you can do as compared to your competitors. So, based on QCDDM, they select you and based on that we got the order from Ola also.
- Moderator:** Thank you. We have the next question from the line of Sunil Shah from Turtle Star Portfolio Managers. Please go ahead.
- Sunil Shah:** Sir, just for my understanding, what could be the kit value in two-wheeler if it is halogen based and the kit value in a two-wheeler if it is LED based?

- Rajesh Sharma:** As we explained in the last question also, if we talk about halogen, it is ranging from 800 to 1500, the kit value, incase we go with the LED headlamps, taillamps, wipers, complete kit, it is ranging from Rs. 2000 to Rs. 5500 or Rs. 6000, it is totally dependent on the configuration of product which we are designing for customers.
- Sunil Shah:** And sir, the margin from both of these?
- Rajesh Sharma:** Margins are same.
- Moderator:** Thank you. We have the next question from the line of Amit Bothra an investor. Please go ahead.
- Amit Bothra:** One more question I think and this is the last time. Sir, what is the opportunity that you are looking from the railways? I think you said in the previous presentation as well that we are looking for something big. So, is there anything ballpark, that you can put numbers on?
- J.K. Jain:** No, we are not expecting very good volume from that side.
- Finance Team member:** It is not a focus area for us any more, as used to be earlier.
- J.K. Jain:** As we told earlier our focus is auto and specially LED lamps, LED auto lamps.
- Amit Bothra:** Is it because of COVID and the recent run downs from the railways in terms of current investments or is it for the long-term as well.
- J.K. Jain:** Long-term, basically.
- Moderator:** Thank you. We have the next question from the line of Kashyap Trivedi from Emkay Global. Please go ahead.
- Kashyap Trivedi:** Just wanted to check one thing. When this order was under negotiation, where we involved in this particular order right since inception, like you know designing, engineering and things like that, just wanted to understand our scope of involvement with the vendor which would obviously help us in future also, because what I could see is that this lamp design is, I don't know whether that is the right word but I mean it was totally out of the box, so I just wanted to check on our involvement since the beginning how much was there in this.
- J.K. Jain:** Basically, you know any new product, any new customer it is they give us one particular area and based on that we totally design and then we give features, then it goes to them and they tell us the feature, based on that we design the lamp. So, all the latest features in the design as you know, we have a wholly owned subsidiary for design in Italy, so we take help of that subsidiary and use the latest design based on the customer requirement. So, basically everything right from the total designing is done by us. Based on the customer requirement. So, it is not something we copy, we don't copy, we can't copy. So, we have to design every product...

- Kashyap Trivedi:** No, I am saying, not your copying, what I am trying to understand is that was that given by the customer or we did it right from the scratch
- Rajesh Sharma:** This is from the scratch only because what we are getting from customer is A surface of the product. The profile which has been thought by the customer, the styling being thought by the customers, we are getting only that much of surface and overall designing of internal, mechanical, electrical, optical, this is all done by us only. All the customer's processes are like that only.
- Kashyap Trivedi:** And second question is on the four-wheeler side, about couple of years ago we were trying to get in with one of the Japanese companies through a joint venture or through the technology. Is anything coming up on that, is it now on sort of backburner or it is something we are not looking at all that at this point of time?
- Rajesh Sharma:** As of now we are working, our focus is on two-wheeler business, but of course we are working on that front also. And once we will get some partner will definitely be introduced in the market.
- Moderator:** Thank you. We have the next question from the line of Anubhav Rawat. Please go ahead.
- Anubhav Rawat:** One follow up question. So, sir this LED Luminaire asset that we had, like we invested couple of years ago, so is my understanding right that most of it has been utilized in our normal business which is LED lamps and halogen lamps and the remaining would have depreciated more or less over these years. So, what I am trying to understand is that it won't hamper our return ratios anymore going forward, is that understanding correct?
- J.K. Jain:** Correct. Basically, it is a rundown business, so whatever we are able to take into the auto because auto LED is increasing, so all this machineries we are trying to utilize in auto. So, basically, for luminary it is a rundown business for us. We are no more interested in that.
- Moderator:** Thank you. As there are no further questions, I would like to hand the conference over to the management for closing comments. Please go ahead, sir.
- J.K. Jain:** I hope we have been able to reply all your queries adequately. I would like to thank everyone for sparing your valuable time and participating in the concall. Please stay safe and be healthy. Thank you very much.
- Moderator:** Thank you members of the management and Mr. Rawat. Ladies and gentlemen, on behalf of Fiem Industries and Monarch Network Capital Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Note: In this transcript, corrections have been carried, post receipt from Chorus Call.